

Message Text

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SUBJECT: GROC PLANS TO ESTABLISH CENTRALIZED GROUND-

- HANDLING COMPANY AT NEW TAOYUAN INTERNATIONAL
- AIRPORT

1. ON FEBRUARY 17, 1978 GENERAL Y.T. MAO, DIRECTOR-GENERAL OF THE CIVIL AERONAUTICS ADMINISTRATION INFORMED CHINA AIR LINES, FOSHING AIRLINES (THAI AIRWAYS INTERNATIONAL), NORTHWEST ORIENT AIRLINES AND CATHAY PACIFIC AIRWAYS, WHICH HANDLE THEIR OWN AIRCRAFT AT TAIPEI INTERNATIONAL AIRPORT, AND TAIWAN AIRPORT SERVICE CO., LTD. (TASCO), WHICH HANDLES AIRCRAFT OF OTHER AIRLINES SERVING TAIPEI, THAT THE GROC HAS DECIDED TO ESTABLISH A COMPANY TO TAKE OVER ALL GROUND-HANDLING FUNCTIONS AT THE NEW TAOYUAN INTERNATIONAL AIRPORT WHEN IT OPENS EARLY IN 1979.

2. THREE OF THE FOUR AIRLINES WHICH WERE INFORMED (FOSHING AIRLINES, NORTHWEST ORIENT AIRLINES AND CATHAY PACIFIC AIRWAYS) HAVE JOINTLY PROTESTED THE GROC DECISION TO GENERAL MAO. THEY WERE JOINED BY FLYING TIGER LINES, INC., WHICH HAS SOME OF ITS OWN GROUND-HANDLING EQUIPMENT BUT ALSO USES TASCO. CHINA AIR LINES, WHICH IS CONTROLLED BY THE GROC, IS ACCEPTING THE DECISION, AS IS TASCO.

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THE LATTER, WHICH IS PRIVATELY-OWNED, WOULD BE PURCHASED BY THE GROC AND TASCO WOULD BE THE NUCLEUS OF THE NEW AS YET UNNAMED COMPANY.

3. THE TEXT OF THE PROTEST SUBMITTED TO GENERAL MAO BY THE FOUR CARRIERS ON MARCH 15, 1978 IS AS FOLLOWS:
QUOTE: YOUR PROPOSAL TO FORM A CENTRALIZED GROUND

HANDLING COMPANY AT TAOYUAN AIRPORT COMES AS A SURPRISE AND A SHOCK. THE RAMIFICATIONS OF SUCH A CHANGE FROM THE PRESENT SYSTEM ARE FAR-REACHING AND REQUIRE CAREFUL CONSIDERATION.

- THE CARRIERS SERVING THE REPUBLIC OF CHINA HAVE FULLY SUPPORTED THE GOVERNMENT POLICY AND THE DEVELOPMENT OF ALL PHASES OF COMMERCIAL AVIATION. MANY CARRIERS HAVE MADE SUBSTANTIAL INVESTMENT IN PERSONNEL AND CAPITAL EQUIPMENT WHICH HAVE CONTRIBUTED DIRECTLY TO THE ACHIEVEMENTS IN CHINESE CIVIL AVIATION WHICH WE ENJOY TODAY. THE RESULT OF YOUR PROPOSAL TO FORM A CENTRALIZED GROUND HANDLING COMPANY DRASTICALLY AFFECTS THESE INVESTMENTS. SERIOUS QUESTIONS REGARDING THE LIVELIHOOD OF OUR STAFF MEMBERS AND THEIR DEPENDENTS NEED TO BE ANSWERED. DISPOSITION OF GROUND VEHICLES, EQUIPMENT, AND MAINTENANCE FACILITIES PRESENTS COMPLICATED PROBLEMS.

- WE CALL YOUR ATTENTION TO THE UNITED NATIONS INTERNATIONAL CIVIL AVIATION ORGANIZATION'S "INTERNATIONAL STANDARDS AND RECOMMENDED PRACTICES-FACILITATION" WHICH WERE FIRST ADOPTED ON MARCH 25, 1949, PURSUANT TO THE PROVISIONS OF ARTICLE 37 OF THE CONVENTION ON INTERNATIONAL CIVIL AVIATION (CHICAGO 1944) AND DESIGNATED AS ANNEX 9. CHAPTER 6 OF ANNEX 9 IS DEVOTED TO "INTERNATIONAL AIRPORTS-FACILITIES AND SERVICES FOR TRAFFIC." QUOTING FROM SECTION B, "AIRPORT TRAFFIC FLOW ARRANGEMENTS"

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MENTS" PARAGRAPH 4.6 "RECOMMENDED PRACTICE. IT IS RECOMMENDED THAT THE AIRLINES BE OFFERED THE CHOICE OF PROVIDING THEIR OWN SERVICES FOR GROUND-HANDLING OPERATIONS, OR OF HAVING SUCH OPERATIONS PERFORMED ENTIRELY, OR IN PART BY AN ORGANIZATION CONTROLLED BY ANOTHER AIRLINE AUTHORIZED BY THE AIRPORT OPERATOR OR BY A SERVICING AGENT LICENSED BY THE AIRPORT AUTHORITY."

- WE FIRMLY BELIEVE THAT THE PRESENT POLICY WHICH ALLOWS CARRIERS TO CHOOSE BETWEEN SELF-HANDLING AND A GOVERNMENT-LICENSED OPERATED SYSTEM IS IN THE BEST INTERESTS OF ALL AND SHOULD BE CONTINUED. WE EARNESTLY REQUEST YOUR RECONSIDERATION OF THE ISSUE. END QUOTE.

4. LOCAL REPRESENTATIVES OF NORTHWEST ORIENT AIRLINES AND FLYING TIGERS LINES CALLED ON ECON COUN APRIL 11 TO REQUEST EMBASSY SUPPORT FOR THEIR PROTEST. BEFORE ACCEDING TO THAT REQUEST, EMBASSY WOULD APPRECIATE GUIDANCE FROM DEPARTMENT. GROC IS, OF COURSE, NO LONGER MEMBER OF ICAO BUT IT CONTINUES TO ADHERE TO MOST ICAO STANDARDS AND RECOMMENDED PRACTICES. HOWEVER, EMBASSY UNDERSTANDS THAT IN RECENT GAO REPORT ON INTERNATIONAL

AIR TRANSPORT IT IS STATED THAT MONOPOLY GROUND-
HANDLING SERVICES ARE NOT UNCOMMON THROUGHOUT THE WORLD.
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